

Selecting and designing an organizational structure to increase efficiency and effectiveness is a major undertaking of executive level managers in companies of all sizes involving grouping jobs together to best match the needs of the organization's environment, strategy, technology, and human resources.

Typically managers first decide to group jobs into departments in a functional structure to use organizational resources effectively. Consider why this common-sense approach leads to an efficiently and effectively run organization. As an organization grows and becomes more difficult to control, managers must choose a more complex organizational design, such as a divisional structure or a matrix or product team structure (see the text and the Chapter 10 slides for illustrations).

It is critical that managers choose the appropriate structure for the organization's strategy, as they can reap the rewards of a well-thought-out strategy only if they choose the right type of structure to implement that strategy. The ability to make the right kinds of organizing choices is often what differentiates effective from ineffective managers and creates a high-performing organization.

CONCEPT REVIEW:

Read the section about "Grouping Jobs into Functions and Divisions: Designing Organizational Structure" that describes the types of organizational structures and how they can be designed by managers. This exercise will test your ability to recognize various organizational structures and the pros and cons of using each type.

Read about the companies and structures below in the text and (or look them up online) and match each to the organizational structure it likely has.

- Pier 1 Imports
- McDonalds
- Lockheed Martin
- Newell Rubbermaid
- Dell
- Johnson & Johnson

STRUCTURE	COMPANY NAME
Functional	Pier 1 imports
Divisional - Product	Dell
Divisional - Geographical	Mcdonald's
Divisional - Market	Johnson & Johnson
Matrix	Lockheed Martin
Product Team	Newell Rubbermaid

